

COMPANY REGISTRATION NUMBER: 05641704
CHARITY REGISTRATION NUMBER: 1113969

Five Talents UK Ltd
Company Limited by Guarantee
Financial Statements
31 December 2020

Five Talents UK Ltd
Company Limited by Guarantee
Financial Statements
Year ended 31 December 2020

	Page
Trustees' annual report (incorporating the director's report)	1
Independent auditor's report to the members	9
Statement of financial activities (including income and expenditure account)	12
Statement of financial position	13
Statement of cash flows	14
Notes to the financial statements	15

Five Talents UK Ltd

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 31 December 2020

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2020.

Reference and administrative details

Registered charity name Five Talents UK Ltd

Charity registration number 1113969

Company registration number 05641704

Principal office and registered office St Bride Foundation
Bride Lane
London
EC4Y 8EQ

The trustees

Mr Neil Sandy, Chair
Rt Revd Peter Hill (Resigned 20 March 2020)
Mr Andrew Maclay, Treasurer
Mr Grant Masom
Mrs Gill Miller
Mr Trevor Smith
Canon John Libby (Resigned 6 November 2020)
Mr Gordon Seabright
Ms Sietske Van Der Ploeg
Mrs Beverley Jullien
Mrs Agnes Gitau
Mrs Michelle Ruddle
Mr Thomas Jones (Appointed 11 February 2020)

Company secretary Rachel Lindley

Chief executive officer Rachel Lindley

Auditor MacIntyre Hudson
Victoria Court
17-21 Ashford Road
Maidstone
Kent
ME14 5DA

Bankers Metro Bank PLC
One Southampton Row
London
WC1B 5HA

Five Talents UK Ltd

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2020

Financial review *(continued)*

Objectives and activities

a Policies and objectives

"To relieve financial hardship among people living in Developing Countries by partnering with the indigenous Anglican Churches and other partners to operate quality MicroEnterprise Development programmes, through provision of training and capital grants, and other charitable activities consistent with this objective."

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance "Public benefit: running a charity (PB2)".

b Activities undertaken to achieve objectives

Working through a network of local partners, Five Talents establishes savings and loans groups and delivers literacy, financial literacy and business skills training in rural communities in East Africa, Myanmar and Bolivia. Members of our programmes can access a safe place to save, small loans to invest in their businesses, and the skills to use them well, often for the first time. The increased profits they generate enable them to feed and educate their families and improve their standard of living, sustainably.

Five Talents collects regular data, both quantitative and qualitative, to measure the impact of our programmes. As part of working more closely with our sister offices in the USA and Kenya we have standardised our Programme Models, Programme Management processes and Monitoring and Evaluation (2M&E) frameworks, helped by a new Programme Quality Committee of technical experts. Programme leaders identified the outcomes Five Talents seeks as:

- Community empowerment wellbeing of communities. Access to healing, education, nutrition, housing. Social inclusion, confidence, sense of worth.
- Reconciliation of relationships.
- Building the capacity of the local Church.
- Leadership.
- Female Empowerment.
- Resilience.

In 2020, the charity adapted its activities both in the UK and through its global partners in response to COVID-19.

c Grantmaking policies

Five Talents UK works with Five Talents International to identify suitable microenterprise partners to work with in developing countries. A Memorandum of Understanding is signed with each partner annually. Grants are made quarterly according to an annual budget and are only released once satisfactory reports on financial and social performance during the previous quarter have been received and approved by the UK office. The Memoranda of Understanding include requirements for partners to comply with antibribery and safeguarding policies.

d Volunteers

The work of Five Talents is greatly enhanced by the efforts of a number of enthusiastic and dedicated volunteers who mainly work in the UK, for example speaking at events for us in their local region. In

Five Talents UK Ltd

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2020

Financial review *(continued)*

2020, most of their speaking engagements were of course virtual.

e Main activities undertaken to further the Company's purposes for the public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The Trustees believe that the activities undertaken in the year for achieving the objectives of the charity have met the public benefit requirement.

Achievements and performance

a Key performance indicators

In 2020, Five Talents approved the following 4 Strategic Priorities:

- Growth Because we know what we do works, and the need is immense.
- One Five Talents Because working as one enhances programme quality, operational efficiency and fund raising potential.
- Accelerate capacity in implementing partners Because locally owned solutions, both programme and fundraising, are more sustainable.
- Tell the world! Because we need more champions to support us, and we can inspire others to replicate our success.

These pillars remained in place for 2020 and, alongside the charity's fundraising strategy, guided activities in 2020. However, they are being reviewed and updated in 2021, particularly to reflect a focus on how the charity's work tackles economic, climate, gender and racial injustice.

b Review of activities

In 2020 Five Talents (FT) continued to expand, reaching a new total record income and once again sending more grants to our programmes than previously in our history. We measure success, however, by looking at the figures on the ground: more members joining our Savings Groups; more women completing the training schemes that empower them to become entrepreneurs; and more families eating well in households that are more robust. An evaluation of our work in Kenya showed that 78% of members from the poorest areas felt better able to cope with a crisis after joining our Savings Groups. That statistic was particularly relevant as the COVID-19 pandemic affected members across the globe – although sadly for many, it was one more crisis in the wake of drought, flooding, locusts or conflict.

In 2020 the Five Talents "family" of organisations (USA, UK and Kenya) were active in eight countries: Bolivia, Burundi, Democratic Republic of Congo, Kenya, Myanmar, South Sudan, Tanzania and Uganda.

We saw growth across all countries with new members and new savings groups – and new programmes in the Diocese of Terekeka (South Sudan) and the Diocese of Marsabit (Kenya). A new partnership with the Mothers' Union drove growth across multiple dioceses in Tanzania.

We completed the journey to become 'One Five Talents' with staff from all three Country Offices working closely together as appropriate, reporting in to their own Boards and the Five Talents International Board. This joined up way of working has yielded even better fundraising and programme quality.

COVID provided an opportunity for online training for many of our partners, and we were also able to

Five Talents UK Ltd

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2020

Financial review *(continued)*

train on, and roll out, a survey and follow up training on COVID preparedness. Our network of trainers regularly train one another – we have a strong community of experts in the countries where we work.

We achieved the final pillar, 'Tell the World,' through a series of online events and written communications as in-person events were not possible from March onwards. A highlight was a successful BBC Radio 4 Appeal presented by Sandi Toksvig, who also hosted a virtual pub quiz for the charity.

c Factors relevant to achieve objectives

COVID-19 presented challenges in 2020 but did not prevent us achieving our objectives. Instead, the charity adapted our events, communications and fundraising strategies within the UK and adapted our programmes across the world, focusing on COVID awareness and prevention training and crisis preparedness training.

d Fundraising activities

2020 was another record year for fundraising; total income and total grants made to programmes were both at peak levels of £929,134 and £641,710 respectively (2019: £823,794 and £629,321). This is particularly pleasing given the global pandemic and political uncertainty in the UK in 2020 which made for a challenging climate for fundraising. The amount of funding sent to programme partners for the delivery of our charitable programmes is the most important figure, as it is this which enables Five Talents to achieve its charitable objectives.

We continue to enjoy a strong diversification across our income streams and achieved particular success with trusts and foundations fundraising in 2020. We remain incredibly grateful to all our loyal donors whose generous giving was sustained throughout 2020 and enabled us to send more money to our programmes than ever before.

The charity does not work with professional fundraisers. The charity's fundraising was not bound by any voluntary regulating scheme or standard during the year. No complaints were received in respect of the charity's fundraising activities. The charity has taken reasonable steps to ensure that the public was protected from behaviour which may be unreasonably intrusive, persistent or have placed undue pressure on a person to give money.

Financial review

a Financial review and going concern

The total incoming resources for the year were £929,134 (2019: £823,794). Total resources expended were £934,233 (2019: £898,378). At 31 December the charity held fund balances of £393,820 (2019: £398,920) which was made up of restricted funds of £250,899 (2019: £291,076) and unrestricted funds of £142,921 (2019: £107,844).

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

b Reserves policy

The Trustees' reserves policy is to maintain between 3 and 6 months' non-grant expenditure in

Five Talents UK Ltd

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2020

Financial review *(continued)*

unrestricted reserves, in order to cover the charity for unexpected monthly fluctuations in income. In May 2020, this was increased to between 4 and 6 months' non-grant expenditure, recognising the potential challenges ahead due to COVID-19. The Trustees keep this policy under regular review.

The level of unrestricted reserves at the year end was in line with our policy. Reserves are slightly higher at 31 December 2020, reflecting the Trustees' policy of keeping slightly higher reserves as a result of the uncertainties caused by the COVID-19 pandemic, and higher than expected unrestricted donations at the end of the year.

c Principal risks and uncertainties

The Trustees assess the principal risks on the 2020 register, which are an inability to raise sufficient income to finance planned activities; compliance with regulatory requirements in the UK and by partners in East Africa, political unrest or instability in our operational areas, and bad practices and/or bad press coverage in other parts of the charity sector which negatively affect Five Talents. In 2020, the Trustees identified those risks which were more likely due to COVID-19 in order to ensure sufficient mitigations were in place.

We remain conscious of the impact of Covid19 on the UK and globally and are taking appropriate measures. For the UK, we have sufficient reserves to cover UK staffing and overhead costs for 6 months and we will take appropriate action if the need arises. In relation to our funding for overseas programmes, we are in touch with all partners and wish to continue to support them based upon the income we receive.

d Financial risk management objectives and policies

The Trustees have considered the risks associated with operating Five Talents in the UK and taken steps to mitigate them. The Risk Assessment is reviewed at Trustee meetings. The assessment identifies different risks to which the charity is exposed at any point. The Risk Assessment for UK risks was reviewed at a Board meeting in February 2020 and risks were also considered at the Board meeting of November 2020. The Programme Risk Register was reviewed by the Programme Quality Committee in May 2020 and Risk Management was also considered by the Five Talents International Board in February 2021. Specifically regarding financial risk management, the CEO, Chair and Treasurer review the management accounts every month and the Board review them at Quarterly meetings.

e Principal funding

In 2020 approximately two thirds of our income came from individual giving, including regular giving, gifts to our Christmas appeal, gifts to our 5 year programmes, and Gift Aid. Approximately one third of our income came from grants from trusts and foundations and a small proportion came from gifts from churches. During 2017-2019 we have raised a small percentage of funds from sponsored events eg marathons but in 2020 these did not happen due to COVID-19.

Plans for future periods

For 2021 we will begin a new programme in Mombasa (Kenya) and will scale up our partnership with the Mothers' Union to support savings groups across Tanzania. We will also be reviewing the Five Talents strategy with a view to focusing more intentionally on tracking economic, climate, gender and racial injustice within our programmes and operations. The new strategy will also identify priority areas for new programmes - potentially in new countries as well as new regions.

Five Talents UK Ltd

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2020

Structure, governance and management

a Constitution

Five Talents UK Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 14 November 2005. It is a registered charity number 1113969.

The company was incorporated on 1 December 2005 and commenced trading on that date.

b Methods of appointment or election of Trustees

The process of recruitment, appointment and induction is outlined below:

1. The skills and experience required of any potential new candidates are identified and agreed by the existing Trustees in consultation with the CEO / Exec team.
2. Current Trustees nominate individuals for consideration.
3. Prospective Trustees are invited to meet existing Trustees and the Exec team to explore the appointment. They are given documents outlining the responsibilities of charity Trustees and the activities and plans of the charity.
4. Nominees are discussed at a Trustee meeting and a vote held to appoint or not.

Successful candidates are invited to the office for induction and to make an overseas visit (at their own expense) to one of the microenterprise programmes as appropriate.

In 2020, we undertook a wide-ranging review of our Diversity and Inclusion policies and practice based on the Black Lives Matter movement and Charity So White movement, and we committed to learn more about systemic racism, specifically racism in the international development sector. As a result, our UK board members have resolved to work towards having at least one-third of Board positions held by people from ethnic minorities (especially but not exclusively) from countries where we work and at least 50% of the board being women. We have a number of vacancies coming up in the next 2 years and plan to recruit accordingly. If you would like to learn more about being a Trustee please contact us at info@fivetalents.org.uk.

c Policies adopted for the induction and training of Trustees

There is a trustee induction programme covering roles and responsibilities of the Board and the exec team, background information about the charity, policies and procedures, aims and objectives for the current period etc.

d Charity's wider network

Five Talents UK is a member of BOND, the Financial Inclusion Forum and Partners for World Mission. BOND is a source of best practice and peer networking within the international development sector whilst the Financial Inclusion Forum allows sharing of learning on microfinance and Partners for World Mission helps Five Talents network with other Christian development charities.

e Related party relationships

This is disclosed in the Related Parties note in the accounts.

Five Talents UK Ltd

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2020

f Governance

The Trustees of the charity take all decisions at Quarterly Board meetings. The CEO has regular meetings with the Chair for strategic guidance between meetings, and the Treasurer and Chair receive monthly management accounts.

The Board has an Operations and Governance subCommittee which reviews all Human Resources, risk and governance matters in detail before these come to the full Board. This Committee also reviews the charities policies annually.

The Programme Quality Committee, a subCommittee of Five Talents International, reviews all programme management issues.

g Remuneration of key personnel

Five Talents operates a relatively flat pay structure, with pay for all 6 staff falling between £29,000 and £38,000 per annum. In 2020, a system of pay bands was introduced. The Operations and Governance Group reviews pay proposals annually before approval by the full Board. A small increment to reflect increased cost of living is often awarded annually. Each staff members has an annual appraisal which may also inform any salary increase decisions. However, with just 6 staff, the team sees its successes and challenges as shared by the whole team.

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
 - that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware
-

Five Talents UK Ltd

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 31 December 2020

of any relevant audit information and to establish that the charity's auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on ...31 March 2021... and signed on behalf of the board of trustees by:



Mr Neil Sandy, Chair
Trustee



Mr Andrew Maclay, Treasurer
Trustee

Five Talents UK Ltd

Company Limited by Guarantee

Independent Auditor's Report to the Members of Five Talents UK Ltd *(continued)*

Year ended 31 December 2020

Opinion

We have audited the financial statements of Five Talents UK Ltd (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material

Five Talents UK Ltd

Company Limited by Guarantee

Independent Auditor's Report to the Members of Five Talents UK Ltd *(continued)*

Year ended 31 December 2020

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the trustees' report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
 - Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant
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Five Talents UK Ltd

Company Limited by Guarantee

Independent Auditor's Report to the Members of Five Talents UK Ltd *(continued)*

Year ended 31 December 2020

transactions outside the normal course of business and reviewing accounting estimates for bias.

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Reviewing meeting minutes of those charged with governance

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



Duncan Cochrane-Dyet BSc BFP FCA (Senior Statutory Auditor)

For and on behalf of
MacIntyre Hudson
Chartered accountants & statutory auditor
Victoria Court
17-21 Ashford Road
Maidstone
Kent
ME14 5DA

6 April 2021

Five Talents UK Ltd

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 31 December 2020

		2020	2019		
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	366,028	562,285	928,313	821,697
Investment income	6	670	–	670	1,917
Other income	7	151	–	151	180
Total income		<u>366,849</u>	<u>562,285</u>	<u>929,134</u>	<u>823,794</u>
Expenditure					
Expenditure on raising funds:					
Costs of raising donations and legacies	8	98,650	–	98,650	102,141
Expenditure on charitable activities	9,10	233,122	602,462	835,583	796,237
Total expenditure		<u>331,772</u>	<u>602,462</u>	<u>934,233</u>	<u>898,378</u>
Net expenditure and net movement in funds					
		<u>35,077</u>	<u>(40,177)</u>	<u>(5,099)</u>	<u>(74,584)</u>
Reconciliation of funds					
Total funds brought forward		107,844	291,076	398,920	473,504
Total funds carried forward		<u>142,921</u>	<u>250,899</u>	<u>393,820</u>	<u>398,920</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 15 to 26 form part of these financial statements.

Five Talents UK Ltd

Company Limited by Guarantee

Statement of Financial Position *(continued)*

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible fixed assets	18	856	–
Current assets			
Debtors due within one year	19	64,274	53,160
Cash at bank and in hand		341,439	354,410
		<u>405,713</u>	<u>407,570</u>
Creditors: amounts falling due within one year	20	<u>(12,749)</u>	<u>(8,650)</u>
Net current assets		<u>392,964</u>	<u>398,920</u>
Total assets less current liabilities		<u>393,820</u>	<u>398,920</u>
Net assets		<u>393,820</u>	<u>398,920</u>
Funds of the charity			
Restricted funds		250,899	291,076
Unrestricted funds		<u>142,921</u>	<u>107,844</u>
Total charity funds	22	<u>393,820</u>	<u>398,920</u>

The charitable company was entitled to exemption from audit under section 477 of the Companies Act 2006 and was also not required to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006. The charitable company was also exempt from the requirement for an audit under section 144 of the Charities Act 2011.

The Trustees have voluntarily opted to have an audit under the Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with to accounting records and preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of trustees and authorised for issue on ...31 March 2021....., and are signed on behalf of the board by:



Mr Neil Sandy, Chair
Trustee



Mr Andrew Maclay, Treasurer
Trustee

The notes on pages 15 to 26 form part of these financial statements.

Five Talents UK Ltd

Company Limited by Guarantee

Statement of Cash Flows

Year ended 31 December 2020

	2020	2019
	£	£
Cash flows from operating activities		
Net expenditure	(5,099)	(74,584)
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	96	–
Other interest receivable and similar income	(670)	(1,917)
Accrued income	(7,016)	(17,120)
<i>Changes in:</i>		
Stocks	–	101
Cash generated from operations	(12,689)	(93,520)
Interest received	670	1,917
Net cash used in operating activities	<u>(12,019)</u>	<u>(91,603)</u>
Cash flows from investing activities		
Purchase of tangible assets	(952)	–
Net cash used in investing activities	<u>(952)</u>	<u>–</u>
Net decrease in cash and cash equivalents	(12,971)	(91,603)
Cash and cash equivalents at beginning of year	354,410	446,013
Cash and cash equivalents at end of year	<u>341,439</u>	<u>354,410</u>

The notes on pages 15 to 26 form part of these financial statements.

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales. The address of the registered office is St Bride Foundation, Bride Lane, London, EC4Y 8EQ.

Five Talents UK Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in sterling, which is the functional currency of the entity. All balances are rounded to the nearest £1.

Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. In making this decision the trustees considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

The Trustees are conscious of the impact of COVID-19 on the UK and globally and are taking appropriate measures. For the UK the charity has sufficient reserves to cover UK staffing and overhead costs for 4-6 months and will take appropriate action if the need arises. In relation to the funding for overseas programmes the Trustees are in touch with all partners and wish to continue to support them based on the income received.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The Trustees consider that there are no judgements (apart from those involving estimations) that management have made in the process of applying the entity's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The Trustees consider that there are no key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fund accounting

General or Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Incoming resources

All income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- Income tax recoverable in relation to donations received under Gift Aid or Deeds of covenant is recognised on receipt.
- Income in relation to investment income is recognised at the time the investment income is receivable.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure is classified by activity. The costs of each activity are made up of the total direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of estimated time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by the charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.
- grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Tangible assets

Tangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Equipment - 33% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Defined contribution pension plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the statement of financial activities.

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

4. Limited by guarantee

Five Talents UK Limited is incorporated as a company limited by guarantee not having any share capital. The members of the company are the Trustees named on page 1. In the event of the company being wound up the liability in respect of the guarantee is limited to £10 per member of the company.

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Donations			
Donations	366,028	562,285	928,313

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Donations			
Donations	322,041	499,656	821,697

6. Investment income

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Bank interest receivable	670	670	1,917	1,917

7. Other income

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Other income	151	151	180	180

8. Costs of raising donations and legacies

	Unrestricted Funds £	Total Funds 2020 £	Unrestricted Funds £	Total Funds 2019 £
Wages and salaries	64,038	64,038	65,382	65,382
Employer's NIC	4,560	4,560	4,635	4,635
Pension costs	6,238	6,238	6,539	6,539
Fundraising freelancers	900	900	3,970	3,970
Administrative fees	9,431	9,431	4,578	4,578
Conference and event costs	13,483	13,483	17,037	17,037
	<u>98,650</u>	<u>98,650</u>	<u>102,141</u>	<u>102,141</u>

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Direct Activities	177,221	602,462	779,682
Support costs	55,901	–	55,901
	<u>233,122</u>	<u>602,462</u>	<u>835,583</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Direct Activities	171,219	584,533	755,751
Support costs	40,485	–	40,486
	<u>211,704</u>	<u>584,533</u>	<u>796,237</u>

The figure of £602,462 (2019 £584,533) shown above under Restricted Funds includes restricted grants of £545,678 (2019 £523,810). The figure of £177,221 includes unrestricted grants of £96,035 (2019 £105,512). The total grants, both unrestricted and restricted, are summarised in Note 13 together with UK programme management costs of £56,783 (2019 £60,723).

10. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Grant funding of activities £	Support costs £	Total funds 2020 £	Total funds 2019 £
Direct Activities	81,187	698,495	34,321	814,003	778,937
Governance costs	–	–	21,580	21,580	17,300
	<u>81,187</u>	<u>698,495</u>	<u>55,901</u>	<u>835,583</u>	<u>796,237</u>

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

11. Analysis of support costs

	Activities £	Total 2020 £	Total 2019 £
Premises	16,349	16,349	11,488
Communications and IT	1,349	1,349	1,204
General office	731	731	892
Finance costs	259	259	280
Governance costs	21,579	21,579	17,300
Insurance	241	241	250
Depreciation	96	96	–
Internal meetings and entertainment	50	50	647
Training and conference fees	4,011	4,011	855
Miscellaneous expenditure	1,219	1,219	1,055
Books, journals and subscriptions	5,265	5,265	3,666
Equipment	29	29	205
Bookkeeping	3,200	3,200	917
Payroll and pension administration costs	1,523	1,523	1,727
	<u>55,901</u>	<u>55,901</u>	<u>40,486</u>

12. Governance costs

	2020 £	2019 £
Wages and salaries	11,975	8,390
Employers National Insurance	853	595
Pension costs	1,167	839
Insurance	420	355
Accountancy fees	1,200	1,200
Audit fees	5,904	5,586
Costs of Trustees' meetings	61	335
Total 2020	<u>21,580</u>	<u>17,300</u>

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

13. Grants to institutions

	2020	2019
	£	£
Grants to institutions		
Five Talents Kenya - General	123,700	81,188
Kenya - Kericho CDT	35,000	38,976
Kenya - WECODET (Western Africa)	74,171	45,085
Kenya - Embu Faithful Servant SACCO	8,711	8,699
Kenya - Nakuru ACK Imani Talents SACCO	10,500	500
Kenya - Baringo CDT	48,112	54,720
Kenya - Marsabit AMWEP	24,428	105,707
Tanzania - Morogoro OMC	70,100	67,043
Tanzania - Mothers' Union VICOBA	7,770	–
Democratic Republic of Congo - Diocese of Aru/ Mothers' Union	70,055	99,956
Uganda - Karamoja	56,404	55,649
Burundi - Mothers' Union	14,000	15,500
Myanmar - Mothers' Union	10,762	–
Bolivia - Seeds of Blessing	1,000	–
South Sudan - Dioceses of Renk & Terekeka, Mothers' Union Juba & Bahr el Ghazal	87,000	32,319
East Africa Staff Training workshops	–	23,979
	<u>641,713</u>	<u>629,321</u>

14. Net expenditure

Net expenditure is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible fixed assets	96	–

15. Auditors remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	5,904	5,586

Other non-audit services of £Nil (2019: £1,200) were charged in the year.

16. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2020	2019
	£	£
Wages and salaries	170,817	147,197
Social security costs	12,163	10,436
Employer contributions to pension plans	16,640	14,720
	<u>199,620</u>	<u>172,353</u>

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

The average head count of employees during the year was 6 (2019: 6). The average number of full-time equivalent employees during the year is analysed as follows:

	2020	2019
	No.	No.
Fundraising	2	3
Charitable operations	4	3
	<u>6</u>	<u>6</u>

No employee received employee benefits of more than £60,000 during the year (2019: Nil).

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £62,289 (2019:£62,999).

17. Trustee remuneration and expenses

During the year no Trustees received any remuneration or other benefits (2019 £Nil) Expenses totalling £61 were reimbursed or paid directly to 1 Trustee (2019 £399 to 2 Trustees) for travel

18. Tangible fixed assets

	Equipment
	£
Cost	
At 1 January 2020	–
Additions	952
At 31 December 2020	<u>952</u>
Depreciation	
At 1 January 2020	–
Charge for the year	96
At 31 December 2020	<u>96</u>
Carrying amount	
At 31 December 2020	<u>856</u>
At 31 December 2019	<u>–</u>

19. Debtors due within one year

	2020	2019
	£	£
Prepayments and accrued income	<u>64,274</u>	<u>53,160</u>

20. Creditors: amounts falling due within one year

	2020	2019
	£	£
Accruals and deferred income	<u>12,749</u>	<u>8,650</u>

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

21. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £16,640 (2019: £14,720).

Contributions totalling £Nil (2019 £Nil) were payable to the fund at the balance sheet date.

22. Analysis of charitable funds

Unrestricted funds

	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
General funds	107,844	366,849	(331,772)	142,921

	At 1 January 2019 £	Income £	Expenditure £	At 31 December 2019 £
General funds	97,551	324,138	(313,845)	107,844

Restricted funds

	At 1 January 2020 £	Income £	Expenditure £	At 31 December 2020 £
Kenya General	772	94,750	(81,113)	14,409
Kenya Kericho	34,048	42,000	(39,608)	36,440
Kenya WECODET	40,157	49,266	(77,153)	12,270
Kenya Marsabit	98,577	–	(29,400)	69,177
Tanzania MBF Morogoro	6,683	34,952	(38,118)	3,517
Tanzania VICOBA	–	78,462	(6,805)	71,657
Democratic Republic of Congo	34,904	40,948	(75,851)	1
Uganda Karamoja	21,871	47,785	(65,876)	3,780
Burundi	–	19,161	(16,072)	3,089
Myanmar	–	10,762	(10,762)	–
Bolivia	–	1,267	(1,000)	267
South Sudan	–	87,432	(87,432)	–
Kenya Embu	3,771	5,000	(8,771)	–
Kenya Nakuru	500	10,000	(10,500)	–
Kenya Baringo	49,793	40,500	(54,001)	36,292
East African Training programme	–	–	–	–
	<u>291,076</u>	<u>562,285</u>	<u>(602,462)</u>	<u>250,899</u>

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

	At 1 January 2019	Income	Expenditure	At 31 December 2019
	£	£	£	£
Kenya General	42,213	74,901	(116,342)	772
Kenya Kericho	17,976	42,000	(25,928)	34,048
Kenya WECODET	63,150	43,864	(66,857)	40,157
Kenya Marsabit	–	103,505	(4,928)	98,577
Tanzania MBF Morogoro	34,164	47,500	(74,981)	6,683
Tanzania VICOBA	–	–	–	–
Democratic Republic of Congo	119,740	21,976	(106,812)	34,904
Uganda Karamoja	45,875	48,099	(72,103)	21,871
Burundi	–	15,500	(15,500)	–
Myanmar	–	–	–	–
Bolivia	–	–	–	–
South Sudan	–	11,533	(11,533)	–
Kenya Embu	8,699	–	(4,928)	3,771
Kenya Nakuru	–	5,750	(5,250)	500
Kenya Baringo	44,136	68,419	(62,762)	49,793
East African Training programme	–	16,609	(16,609)	–
	<u>375,953</u>	<u>499,656</u>	<u>(584,533)</u>	<u>291,076</u>

General funds

These represent the free funds of the charity which are available to meet its policies and objectives as set out in the Trustees Report and are not designated for particular purposes.

Restricted funds

Donations restricted for funding the cost of specific Five Talents programmes in the countries and towns listed above.

23. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Tangible fixed assets	856	–	856
Current assets	150,076	255,637	405,713
Creditors less than 1 year	(8,011)	(4,738)	(12,749)
Net assets	<u>142,921</u>	<u>250,899</u>	<u>393,820</u>
	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Tangible fixed assets	–	–	–
Current assets	114,444	293,126	407,570
Creditors less than 1 year	(6,600)	(2,050)	(8,650)
Net assets	<u>107,844</u>	<u>291,076</u>	<u>398,920</u>

Five Talents UK Ltd

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

24. Analysis of changes in net debt

	At 1 Jan 2020 £	Cash flows £	At 31 Dec 2020 £
Cash at bank and in hand	354,410	(12,971)	341,439

25. Related parties

Five Talents International

Five Talents International is the organisation that owns the rights to the "Five Talents" name. Three members representing Five Talents UK Ltd sit on the board of Five Talents International. No transactions have taken place in the period and no amounts are outstanding at the end of the year.

Five Talents US

Five Talents US is classed as a member organisation of Five Talents International. During the year Five Talents UK paid £112,762 (2019 £47,819) to Five Talents US for projects in South Sudan and Burundi.

Five Talents Kenya

Five Talents Kenya is a member of the Five Talents Family, formed in 2016 to help replicate programmes in Kenya. During the year £110,000 (2019: £120,751) was paid to Five Talents Kenya for the overseeing of projects in Kenya.

During the year, trustees made donations to the Charity totalling £10,335. There were no conditions attached which required the charity to significantly alter the nature of its existing activities.